

Message Text

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PAGE 01 GENEVA 04388 01 OF 02 221542Z

ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 AF-10 ARA-10 EA-10
EUR-12 NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-15
OIC-02 /163 W

-----085077 221546Z /43

P 221529Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7528

INFO AMEMBASSY BERN

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 04388

USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL

E.O.11652:N/A

TAGS: MTN, SZ, ETRD

SUBJECT: MTN DEL/SWISS REVIEW OF STATUS OF BILATERAL
NEGOTIATIONS

1. SUMMARY: USMTN DEL SWISS TEAM, LED BY AMBASSADOR
MCDONALD, MET MARCH 15 WITH SWISS MTN DEL (AMBASSADOR
DUNKEL, JAGMETTI, EBERHARD AND GERBER) FOR GENERALIZED
REVIEW OF PROGRESS MADE TO DATE IN THE MTN, AND TO OUT-
LINE STEPS TO BE TAKEN IN THE COMING MONTHS. MEETING
ALSO TOUCHED ON SOME ISSUES OF BILATERAL CONCERN. END
SUMMARY.

2. AMBASSADOR MCDONALD OPENED THE SESSION BY STATING THAT
A GENERAL AGREEMENT MUST BE REACHED BY JULY 15 IN ORDER
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PAGE 02 GENEVA 04388 01 OF 02 221542Z

FOR THE TRADE AGREEMENTS PACKAGE TO REACH CONGRESS AT THE
MOST POLITICALLY PROPITIOUS MOMENT. MCDONALD STRESSED
THE IMPORTANCE OF THE TOKYO ROUND, PARTICULARLY THE
ENLARGEMENT OF THE SCOPE OF THE CODES. DUNKEL INDICATED
THAT THE SWISS WERE WORKING ON THE ASSUMPTION THAT BY
JULY 15 THE MAIN ELEMENTS OF THE OVERALL PACKAGE SHOULD
BE AGREED. HE NOTED THAT THE SWISS SHOULD BE INCLUDED IN

THE AGENDA FOR THE APRIL 10 PROGRESS REVIEW SESSION SINCE IT WOULD BE USEFUL FOR THE SWISS DEL, FROM THE U.S. PERSPECTIVE, TO BE AWARE OF ANY STUMBLING BLOCKS FACING THE U.S., JAPAN AND THE EC.

3. MCDONALD INDICATED THAT WE SHOULD BE READY TO DISCUSS THE SWISS TARIFF OFFER IN DETAIL BY THE END OF MARCH AND BRIEFLY REVIEWED POINTS OF INTEREST TO SWISS IN THE U.S. OFFER, NOTING THAT THE U.S. OFFER WAS SUPERIOR TO THAT TABLED IN THE KENNEDY ROUND. DUNKEL STATED THAT THE SWISS DEL'S FIRST REACTION TO THE U.S. OFFER WAS POSITIVE, BUT THAT THEY AWAITED REACTIONS FROM CERTAIN SECTORS. ON WATCHES, DUNKEL INDICATED THAT THE SWISS HAVE NO REAL PROBLEMS WITH THE NOMENCLATURE, BUT THAT THEY WANTED THE SPECIFIC RATES OF DUTY MAINTAINED, AND WOULD BE SEEKING FORMULA REDUCTIONS FOR CONVENTIONAL WATCH MOVEMENTS.

4. DUNKEL REMARKED THAT THEIR STRAIGHT FORMULA OFFER MAKES THE BIGGEST CUTS ON THEIR MOST SENSITIVE INDUSTRIES. THE U.S. SHOULD CONSIDER THE SWISS OFFER AS ON THE TABLE, BUT MUST BE AWARE THAT THE SWISS DEL WILL BE CAREFULLY EXAMINING OTHERS' OFFERS AND EXCEPTIONS IN THE COMING MONTHS. HE ALSO REFERRED TO THE RELATIONSHIP OF MONETARY DEVELOPMENTS TO MTN PROGRESS. DUNKEL INDICATED GOS INTENTION TO CONVERT DUTIES ON AUTOMOBILES TO EXCISE TAXES BY 1980, WHICH WOULD NEGATE THE PREFERENTIAL LIMITED OFFICIAL USE

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PAGE 03 GENEVA 04388 01 OF 02 221542Z

TREATMENT CURRENTLY AFFORDED TO EC AND EFTA IMPORTS. SWISS ARE CURRENTLY DISCUSSING THIS WITH THE EC, AND WILL KEEP U.S. DEL INFORMED.

5. MCDONALD NOTED THAT THE SWISS RESPONSE TO U.S. AGRICULTURAL REQUESTS FELL SHORT OF OUR EXPECTATIONS, AND STRESSED THE IMPORTANCE OF IMPROVEMENT IN THIS AREA. DUNKEL EXPRESSED PRIDE IN THE SWISS OFFER, AND INDICATED THAT WHILE FURTHER FLEXIBILITY WAS SEVERELY LIMITED, THEY WERE NOT "CLOSING THE DOOR" TO IMPROVEMENT. HE POINTED TO THE REFERENCE TO GRAINS IN THEIR OFFER HEADNOTE, SAYING THAT IT WAS MORE FORTHCOMING THAN IT SOUNDED. HE NOTED SWITZERLAND'S WILLINGNESS TO EXAMINE THE POSSIBILITY OF GRANTING MARKET ACCESS FOR WHEAT AND COARSE GRAINS, BUT FOR THIS THEY WOULD NEED A WHEAT AGREEMENT. DUNKEL FURTHER NOTED THAT IN CERTAIN AGRICULTURAL SECTORS, GOS HAS ESTABLISHED DOMESTIC PRODUCTION QUOTAS AND IS THUS GUARANTEEING AN IMPORT MARKET. U.S. AGREED TO SWISS SUGGESTION TO MEET ON AGRICULTURE IN EARLY APRIL. DUNKEL EXPRESSED PERSONAL INTEREST IN U.S.-SWISS DISCUSSIONS IN THIS AREA.

6. ON SAFEGUARDS, DUNKEL NOTED THAT ALTHOUGH THE SWISS HAVE NEVER INVOKED ARTICLE XIX, THEY DO HAVE A STRONG INTEREST IN IMPROVING DISCIPLINE WITHIN THE SYSTEM, BUT INDICATED WARINESS OF A POSSIBLE "DEAL" ON SELECTIVITY BETWEEN THE U.S., JAPAN, AND THE EC. MCDONALD UNDERSCORED OUR VEHEMENT OPPOSITION TO UNDISCIPLINED USE OF SELECTIVE SAFEGUARDS AND STATED THAT THE U.S. IS "OPEN" IN ONLY A VERY LIMITED AREA. MCDONALD EXPRESSED PARTICULAR CONCERN ABOUT PROLIFERATION OF VOLUNTARY RESTRAINTS. ON SUBSIDIES/ COUNTERVAILING DUTIES, DUNKEL EXPRESSED A DESIRE FOR ESTABLISHING INJURY CRITERIA, AND IN THE AGRICULTURAL SECTOR HE WOULD LIKE TO AIM THE CODE AT SUBSIDIES WHICH CAUSE THE EXPORTED ARTICLE TO UNDERSELL SIMILAR DOMESTIC ARTICLES. MCDONALD REVIEWED U.S. INTEREST IN COMPILING LIMITED OFFICIAL USE

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PAGE 04 GENEVA 04388 01 OF 02 221542Z

AN ILLUSTRATIVE LIST OF TYPES OF BANNED ACTIVITIES, AND

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PAGE 01 GENEVA 04388 02 OF 02 221542Z

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OIC-02 /163 W

-----085080 221545Z /43

P 221529Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7529

INFO AMEMBASSY BERN

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 04388

USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL

ESTABLISHMENT OF A DISPUTE SETTLEMENT APPARATUS. BOTH
SIDES EXPRESSED ENCOURAGEMENT FROM RECENT DEVELOPMENTS IN
STANDARDS AND GOVERNMENT PROCUREMENT.

7. DRAFTED BY ST. MAXENS. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF NEGOTIATIONS, ECONOMIC AGREEMENTS, US CONGRESSIONAL HEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA04388
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780126-0507
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780339/aaaabgkf.tel
Line Count: 176
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7b6bc1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3242947
Secure: OPEN
Status: NATIVE
Subject: MTN DEL/SWISS REVIEW OF STATUS OF BILATERAL NEGOTIATIONS
TAGS: ETRD, SZ, MTN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/7b6bc1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014